

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
AYRTON DRUG MANUFACTURING LIMITED**

**Report on the financial statements**

We have audited the accompanying financial statements of Ayrton Drug Manufacturing Limited, which comprise the statement of financial position as at 30 September 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 13, 14, 15 and 16.

**Directors' responsibility for the financial statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ayrton Drug Manufacturing Limited as of 30 September 2013, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 1963 (Act 179).

## Report on other Legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii The balance sheet (statement of financial position) and the profit and loss account (statement of comprehensive income) of the company are in agreement with the books of account.

Kwadwo Mpeani Brantuo (ICAG\P\1152)  
For and on behalf of Ernst & Young (ICAG\F\2013\126)  
Chartered Accountants  
Accra, Ghana

Date: 30 December 2013



# STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30TH SEPTEMBER 2013

| ASSETS                                       | Notes | 2013<br>GHC              | 2012<br>GHC              |
|----------------------------------------------|-------|--------------------------|--------------------------|
| <b>Non-current assets</b>                    |       |                          |                          |
| Property, plant and equipment                | 4     | 6,246,224                | 4,825,019                |
| Prepaid Lease hold land                      | 5     | 405,939                  | 414,653                  |
| Intangible assets                            | 6     | 180,613                  | 162,498                  |
| Equity Investment                            | 7     | <u>17,500</u>            | <u>17,500</u>            |
|                                              |       | <b><u>6,850,276</u></b>  | <b><u>5,419,670</u></b>  |
| <b>Current assets</b>                        |       |                          |                          |
| Inventories                                  | 8     | 7,016,934                | 6,821,209                |
| Trade and other receivables                  | 9     | 8,449,677                | 8,120,391                |
| Cash and bank                                | 10    | <u>1,022,402</u>         | <u>1,271,110</u>         |
|                                              |       | <b><u>16,489,013</u></b> | <b><u>16,212,710</u></b> |
| <b>TOTAL ASSETS</b>                          |       | <b><u>23,339,289</u></b> | <b><u>21,632,380</u></b> |
| <b>EQUITY AND LIABILITIES</b>                |       |                          |                          |
| <b>Equity attributable to equity holders</b> |       |                          |                          |
| Issued capital                               | 11    | 4,475,000                | 4,475,000                |
| Other capital reserves                       |       | 1,739,436                | 1,739,436                |
| Income surplus                               |       | <u>13,081,329</u>        | <u>13,009,273</u>        |
| <b>Total equity</b>                          |       | <b><u>19,295,765</u></b> | <b><u>19,223,709</u></b> |
| <b>Current liabilities</b>                   |       |                          |                          |
| Trade and other payables                     | 12    | 3,737,808                | 1,650,042                |
| Income tax payable                           | 13a   | 89,602                   | 484,972                  |
| Short-term borrowings                        | 14    | <u>-</u>                 | <u>200,303</u>           |
| <b>Total current Liabilities</b>             |       | <b><u>3,827,410</u></b>  | <b><u>2,335,317</u></b>  |
| <b>Non-current liabilities</b>               |       |                          |                          |
| Deferred tax liability                       | 13c   | <u>216,114</u>           | <u>73,354</u>            |
| <b>Total non-current liabilities</b>         |       | <b><u>216,114</u></b>    | <b><u>73,354</u></b>     |
| <b>Total liabilities</b>                     |       | <b><u>4,043,524</u></b>  | <b><u>2,408,671</u></b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <b><u>23,339,289</u></b> | <b><u>21,632,380</u></b> |

Director

Date: 30/12/13

Director

Date: 30/12/13

The notes 1 to 28 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2013

|                                   | Notes | 2,013<br>GH¢      | 2,012<br>GH¢      |
|-----------------------------------|-------|-------------------|-------------------|
| <b>Revenue</b>                    | 14    | <b>24,077,076</b> | <b>22,872,394</b> |
| Cost of Sales                     | 15    | (14,374,344)      | (13,616,611)      |
| <b>Gross Profit</b>               |       | <b>9,702,732</b>  | <b>9,255,783</b>  |
| Other income                      | 16    | 27,462            | 96,648            |
| Selling and distribution expenses | 17    | (3,041,967)       | (2,906,166)       |
| Administration and general expen  | 18    | (5,811,607)       | (3,404,545)       |
| <b>Operating Profit</b>           |       | <b>876,620</b>    | <b>3,041,720</b>  |
| Finance income                    | 19    | 146,884           | 90,434            |
| <b>Profit before taxation</b>     |       | <b>1,023,504</b>  | <b>3,132,154</b>  |
| Income tax expense                | 12c   | (682,698)         | (656,129)         |
| <b>Profit for the period</b>      |       | <b>340,806</b>    | <b>2,476,025</b>  |
| <b>Earnings per share</b>         |       | <b>0.0016</b>     | <b>0.0115</b>     |

The notes 1 to 25 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2013

|                                 | <b>Issued<br/>Capital<br/>GH¢</b> | <b>Income<br/>surplus<br/>GH¢</b> | <b>Other<br/>reserves<br/>GH¢</b> | <b>Total<br/>GH¢</b> |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Balance as at 1 October 2012    | 4,475,000                         | 13,009,273                        | 1,739,436                         | 19,223,709           |
| Dividend Paid                   |                                   | -                                 |                                   | -                    |
|                                 |                                   | (268,750)                         |                                   | (268,750)            |
| Profit for the year             |                                   | -                                 |                                   | -                    |
|                                 |                                   | 340,806                           |                                   | 340,806              |
| Balance as at 30 september 2013 | <b>4,475,000</b>                  | <b>13,081,329</b>                 | <b>1,739,436</b>                  | <b>19,295,765</b>    |

  

|                                    | <b>Issued<br/>Capital<br/>GH¢</b> | <b>Income<br/>surplus<br/>GH¢</b> | <b>Other<br/>reserves<br/>GH¢</b> | <b>Total<br/>GH¢</b> |
|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Balance as at 1 October 2011       | 4,475,000                         | 10,801,997                        | 1,739,436                         | 17,016,433           |
| Dividend Paid                      |                                   | -                                 |                                   | -                    |
|                                    |                                   | (268,750)                         |                                   | (268,750)            |
| Profit for the year                |                                   | -                                 |                                   | -                    |
|                                    |                                   | 2,476,025                         |                                   | 2,476,026            |
| Balance as at 30th September, 2012 | <b>4,475,000</b>                  | <b>13,009,272</b>                 | <b>1,739,436</b>                  | <b>19,223,709</b>    |

The notes 1 to 28 form an integral part of these financial statements.



# STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH SEPTEMBER 2013

|                                                                    | Notes     | 2013<br>GH¢             | 2012<br>GH¢               |
|--------------------------------------------------------------------|-----------|-------------------------|---------------------------|
| <b>Operating activities</b>                                        |           |                         |                           |
| Operating profit before tax                                        |           | 1,023,504               | 3,132,155                 |
| Adjustment                                                         |           |                         |                           |
| <b>Adjustment to reconcile profit before tax to net cash flows</b> |           |                         |                           |
| Depreciation and impairment of property, plant and equipment       | 4         | 635,775                 | 629,131                   |
| Amortisation of lease hold asset                                   | 5         | 8,714                   | 9,083                     |
| Amortisation of intangible assets                                  |           | 39,804                  | 33,001                    |
| Write off of property, plant and equipment                         |           | 1,920                   | 450                       |
| Finance income                                                     |           | <u>(146,884)</u>        | <u>(90,434)</u>           |
| <b>Operating Profit before working capital changes:</b>            |           | <b>1,562,833</b>        | <b>3,713,386</b>          |
| Increase in inventories                                            |           | (195,725)               | (1,967,312)               |
| Increase in accounts receivable and prepayments                    |           | (312,365)               | (914,675)                 |
| (Increase) / Decrease in amounts due from related parties          |           | (16,920)                | 30,104                    |
| Increase in amounts due to related parties                         |           | 849,869                 | 16,542                    |
| Increase in accounts payables and accruals                         |           | <u>1,237,897</u>        | <u>154,345</u>            |
| <b>Cash flows from operating activities</b>                        |           | <b>3,125,589</b>        | <b>1,032,390</b>          |
| Income Tax paid                                                    |           | (935,308)               | (642,151)                 |
| Finance income                                                     |           | <u>146,884</u>          | <u>90,434</u>             |
| <b>Net cash flows from operating activities</b>                    |           | <b><u>2,337,165</u></b> | <b><u>480,673</u></b>     |
| <b>Investing activities</b>                                        |           |                         |                           |
| Proceeds from sale of property, plant and equipment                | 4         | -                       | 77,158                    |
| Purchase of property, plant and equipment                          | 4         | (2,058,901)             | (1,147,454)               |
| Purchase of intangible asset                                       | 6         | <u>(57,919)</u>         | <u>-</u>                  |
| <b>Net cash flows used in investing activities</b>                 |           | <b>(2,116,820)</b>      | <b><u>(1,070,296)</u></b> |
| <b>Financing activities</b>                                        |           |                         |                           |
| Dividends paid to equity holders                                   |           | (268,750)               | (268,750)                 |
| <b>Net cash flows used in financing activities</b>                 |           | <b>(268,750)</b>        | <b>(268,750)</b>          |
| Net decrease in cash and cash equivalents                          |           | (48,405)                | (858,373)                 |
| Cash and cash equivalents at 1 October                             |           | <u>1,070,807</u>        | 1,929,180                 |
| <b>Cash and cash equivalents at 30 September, 2013</b>             | <b>10</b> | <b><u>1,022,402</u></b> | <b><u>1,070,807</u></b>   |

The notes 1 to 27 form an integral part of these financial statements